

Senate File 382 - Introduced

SENATE FILE _____
BY COMMITTEE ON HUMAN RESOURCES
(SUCCESSOR TO SSB 1177)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring insurance coverage benefits for treatment of
2 mental illness and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2180SV 82
5 av/es/88

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1 1 Section 1. Section 135H.3, Code 2007, is amended by adding
2 the following new unnumbered paragraph:
1 3 NEW UNNUMBERED PARAGRAPH. A child who requires treatment
1 4 for a mental illness as defined in section 514C.23, and meets
1 5 the medical assistance program criteria for admission to a
1 6 psychiatric medical institution for children shall be deemed
1 7 to meet the acuity criteria for inpatient benefits under a
1 8 group policy, contract, or plan providing for third-party
1 9 payment or prepayment of health, medical, and surgical
1 10 coverage benefits issued by a carrier, as defined in section
1 11 513B.2, or by an organized delivery system authorized under
1 12 1993 Iowa Acts, ch. 158, that is subject to section 514C.23.
1 13 Sec. 2. NEW SECTION. 514C.23 MENTAL ILLNESS TREATMENT
1 14 COVERAGE.
1 15 1. Notwithstanding the uniformity of treatment
1 16 requirements of section 514C.6, a group policy or contract
1 17 providing for third-party payment or prepayment of health or
1 18 medical expenses issued by a carrier, as defined in section
1 19 513B.2, or by an organized delivery system authorized under
1 20 1993 Iowa Acts, chapter 158, shall provide coverage benefits
1 21 for treatment of mental illness if either of the following is
1 22 satisfied:
1 23 a. The policy or contract is issued to an employer who on
1 24 at least fifty percent of the employer's working days during
1 25 the preceding calendar year employed more than fifty full-time
1 26 equivalent employees. In determining the number of full-time
1 27 equivalent employees of an employer, employers who are
1 28 affiliated or who are able to file a consolidated tax return
1 29 for purposes of state taxation shall be considered one
1 30 employer.
1 31 b. The policy or contract is issued to a small employer as
1 32 defined in section 513B.2, and such policy or contract
1 33 provides coverage benefits for the treatment of mental
1 34 illness.
1 35 2. Notwithstanding the uniformity of treatment
2 1 requirements of section 514C.6, a plan established pursuant to
2 2 chapter 509A for public employees shall provide coverage
2 3 benefits for treatment of mental illness.
2 4 3. For the purposes of this section, "mental illness"
2 5 means mental disorders and substance use disorders as defined
2 6 by the commissioner by rule. Definitions established by the
2 7 commissioner shall include all classes of mental disorders and
2 8 substance use disorders and shall be consistent with the most
2 9 recent edition of the American psychiatric association's
2 10 diagnostic and statistical manual of mental disorders, as such
2 11 definitions may be amended from time to time. The
2 12 commissioner may adopt the definitions provided in such manual
2 13 by reference.
2 14 4. This section shall not apply to accident only,
2 15 specified disease, short-term hospital or medical, hospital
2 16 confinement indemnity, credit, dental, vision, Medicare
2 17 supplement, long-term care, basic hospital and medical=
2 18 surgical expense coverage as defined by the commissioner,

2 19 disability income insurance coverage, coverage issued as a
2 20 supplement to liability insurance, workers' compensation or
2 21 similar insurance, or automobile medical payment insurance, or
2 22 individual accident and sickness policies issued to
2 23 individuals or to individual members of a member association.
2 24 5. A carrier, organized delivery system, or plan
2 25 established pursuant to chapter 509A may manage the benefits
2 26 provided through common methods including but not limited to
2 27 providing payment of benefits or providing care and treatment
2 28 under a capitated payment system, prospective reimbursement
2 29 rate system, utilization control system, incentive system for
2 30 the use of least restrictive and least costly levels of care,
2 31 a preferred provider contract limiting choice of specific
2 32 providers, or any other system, method, or organization
2 33 designed to assure services are medically necessary and
2 34 clinically appropriate.

2 35 6. a. A group policy or contract or plan covered under
3 1 this section shall not impose an aggregate annual or lifetime
3 2 limit on mental illness coverage benefits unless the policy or
3 3 contract or plan imposes an aggregate annual or lifetime limit
3 4 on substantially all medical and surgical coverage benefits.

3 5 b. A group policy or contract or plan covered under this
3 6 section that imposes an aggregate annual or lifetime limit on
3 7 substantially all medical and surgical coverage benefits shall
3 8 not impose an aggregate annual or lifetime limit on mental
3 9 illness coverage benefits which is less than the aggregate
3 10 annual or lifetime limit imposed on substantially all medical
3 11 and surgical coverage benefits.

3 12 7. A group policy or contract or plan covered under this
3 13 section shall at a minimum allow for thirty inpatient days and
3 14 fifty-two outpatient visits annually. The policy or contract
3 15 or plan may also include deductibles, coinsurance, or
3 16 copayments, provided the amounts and extent of such
3 17 deductibles, coinsurance, or copayments applicable to other
3 18 medical or surgical services coverage under the policy or
3 19 contract or plan are the same. It is not a violation of this
3 20 section if the policy or contract or plan excludes entirely
3 21 from coverage benefits for the cost of providing the
3 22 following:

3 23 a. Care that is substantially custodial in nature.

3 24 b. Services and supplies that are not medically necessary
3 25 or clinically appropriate.

3 26 c. Experimental treatments.

3 27 8. This section applies to third-party payment provider
3 28 policies or contracts and plans established pursuant to
3 29 chapter 509A delivered, issued for delivery, continued, or
3 30 renewed in this state on or after January 1, 2008.

3 31 Sec. 3. Section 514C.22, Code 2007, is repealed.

3 32 Sec. 4. EFFECTIVE DATE. The section of this bill
3 33 repealing section 514C.22 takes effect January 1, 2008.

3 34 EXPLANATION

3 35 This bill amends Code section 135H.3 to provide that a
4 1 child who requires treatment for mental illness as provided in
4 2 new Code section 514C.23, and meets the medical assistance
4 3 program criteria for admission to a psychiatric medical
4 4 institution for children is deemed to meet the acuity criteria
4 5 for specified third-party payment of inpatient benefits.

4 6 The bill creates a new Code section 514C.23 and provides
4 7 that a group policy or contract providing for third-party
4 8 payment or prepayment of health or medical expenses issued by
4 9 a carrier, as defined in Code section 513B.2, or by an
4 10 organized delivery system authorized under 1993 Iowa Acts,
4 11 chapter 158, shall provide coverage benefits for treatment of
4 12 mental illness if the policy or contract is issued to an
4 13 employer who on at least 50 percent of the employer's working
4 14 days during the preceding calendar year employed more than 50
4 15 full-time equivalent employees; if the policy or contract is
4 16 issued to a small employer as defined in Code section 513B.2,
4 17 and such policy or contract provides coverage benefits for the
4 18 treatment of mental illness; or if the plan is established
4 19 pursuant to Code chapter 509A for public employees.

4 20 The bill defines "mental illness" as mental disorders and
4 21 substance abuse disorders as defined by the commission by
4 22 rule. The commissioner is directed to establish definitions
4 23 of mental illness that include all classes of mental disorders
4 24 and substance use disorders and that are consistent with
4 25 definitions provided in the most recent edition of the
4 26 American psychiatric association's diagnostic and statistical
4 27 manual of mental disorders, as such definitions may be amended
4 28 from time to time. The commissioner may adopt the definitions
4 29 provided in such manual by reference.

4 30 The bill provides that a carrier, organized delivery
4 31 system, or plan established pursuant to Code chapter 509A may
4 32 manage the benefits provided through common methods including
4 33 but not limited to providing payment of benefits or providing
4 34 care and treatment under a capitated payment system,
4 35 prospective reimbursement rate system, utilization control
5 1 system, incentive system for the use of least restrictive and
5 2 least costly levels of care, a preferred provider contract
5 3 limiting choice of specific providers, or any other system,
5 4 method, or organization designed to assure services are
5 5 medically necessary and clinically appropriate.

5 6 The bill provides that the new Code section created applies
5 7 to third-party payment provider contracts or policies and
5 8 public employer plans delivered, issued for delivery,
5 9 continued, or renewed in this state on or after January 1,
5 10 2008.

5 11 The bill repeals Code section 514C.22 concerning coverage
5 12 for biologically based mental illness, effective January 1,
5 13 2008.

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5 15 av:nh/es/88